

## Message Text

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ACTION EB-08

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-01  
INR-10 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
CEA-01 ITC-01 DODE-00 PM-05 H-02 L-03 PA-02  
DOE-11 SOE-02 ABF-01 FSE-00 /125 W  
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R 171000Z MAR 78  
FM AMEMBASSY BANGKOK  
TO SECSTATE WASHDC 1843  
INFO AMCONSUL HONG KONG  
AMEMBASSY JAKARTA  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO

UNCLAS BANGKOK 8203

E.O. 11652: N/A  
TAGS: EFIN, ETRD, TH  
SUBJ: PANEL OF ECONOMIC AND FINANCIAL EXPERTS PROBE THE RTG'S  
CURRENCY AND TARIFF MEASURES

REF: BANGKOK 8117, BANGKOK 7388, BANGKOK 7228

1. ENGLISH LANGUAGE DAILY, THE NATION REVIEW, ON MARCH 15  
FEATURED VIEWS OF SIX THAI EXPERTS ON FINANCE AND ECONOMICS  
CALLED TOGETHER TO EXAMINE RTG'S DECISIONS TO UNPEG THE BAHT  
FROM THE DOLLAR AND TO INCREASE THE IMPORT TARIFFS ON SOME  
141 ITEMS. SUMMARY FOLLOWS:

A. THE PANEL RECOGNIZED THE NECESSITY OF MEASURES DUE TO  
FLUCTUATIONS OF DOLLAR AND CONCLUDED THAT BY PEGGING THE BAHT  
TO A BASKET OF CURRENCIES BOTH "FLEXIBILITY AND STABILITY"  
WOULD BE ACHIEVED.

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B. STABILITY OF THE BATH WOULD, TO A GREAT EXTENT, DEPEND  
SIGNIFICANTLY ON THE EFFICIENCY OF THE BANK OF THAILAND  
IN ADMINISTERING THE NEW PROGRAM.

C. PANE VIEWED THE SIMULTANEOUS ACTION OF UPEGGING  
THE BAHT AND INCREASING TARIFFS AS MUTUALLY SUPPORTIVE

MEASURES AND NECESSARY TO SUCCESS FUL IMPLEMENTATION OF REFORM.

D. PANEL TOOK NOTE OF FACT THAT RTG WILL CONSIDER THE COUNTRY'S ECONOMIC SITUATION ALONG WITH THE BASKET OF CURRENCIES IN DETERMINING THE FUTURE PARITY OF BAHT.

E. WHILE APPROVING RTG'S DECISION, THE PANEL NEVERTHE- LESS TOOK RTG TO TASK FOR ITS FAILURE TO ADEQUATELY EXPLAIN THE MEASURES TO THE PUBLIC. PANEL MEMBERS FELT THAT MUCH OF THE CONFUSION AND UNREAL EXPECTATIONS FOLLOWING THE RTG'S ANNOUNCEMENT OF THE MEASURES COULD HAVE BEEN AVOIDED.

F. RTG WILL HAVE NO EFFECTIVELY COUNTER SMUGGLING AS WELL AS "UNLAWFUL MAINPULATION BY INTEREST GROUPS OF ECONOMIC AND POLITICAL SIGNIFICANCE" IF THE MEASURES ARE TO SUCCEED.

G. PANEL EXPRESSED CONCERN AS TO WHAT EFFECT THE INCREASE IN TAXES WILL HAVE ON INFLATING, AND AS A CON- SEQUENCE, ON INVESTOR CONFIDENCE IN THE COUNTRY. WHILE LOCAL INVESTORS MAY BE REASSURED BY PROSPECTS OF PROTECTED MARKETS, THE WAIT-AND-SEE ATTITUDE OF FOREIGN INVESTORS WILL POSSIBLY BE REINFORCED.

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H. THE RTG WILL HAVE TO CONSIDER ADJUSTING MINIMUM WAGE RATES TO OFFEST THE APPARENT AND INVISIBLE EFFECTS OF THE HIGH IMPORT DUTIES AND HIGHER GASOLINE PRICES.  
WHITEHOUSE

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TARIFFS, INVESTIGATIONS  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition History:** n/a  
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**Review Event:**  
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**TAGS:** EFIN, ETRD, TH  
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